



Irish Life Weekly Investment Bulletin

The week that was – WEEK 02 2018 (ending 12/01/2018)

“Sometimes you have to say goodbye to the things you know and hello to the things you don’t.” – Steve McQueen

Irish residential property prices rise by 11.6% in the year to November – The latest report published by the Central Statistics Office (CSO) shows that residential property prices at national level increased by 11.6% in the year to November with Dublin prices increasing by 11.3% and prices in the Rest of Ireland by 11.7%.

Irish consumer confidence dips slightly in December – The KBC Bank/ESRI consumer sentiment index saw a slight decline in December to 103.2 from 103.6 in November and compared to 96.2 in December 2016. The small slippage may have been influenced by Irish election and Brexit negotiation worries at the time.

Global stock market up 1% on the week – The MSCI AC World TR Index showed a 0.98% rise from 5th January to 12th January with the S&P, Dow Jones and the Nasdaq all hitting new highs during the week. Volatility, as measured by the VIX, finished the week at 10.16, up from 9.22 at the end of the previous week.

Eurozone government bond yields rise – Most eurozone government bonds declined in value as yields rose in response to increased expectations during the week that the ECB will wind down their quantitative easing stimulus earlier than expected following the publication of the minutes from the ECB’s December meeting.

U.S. retail sales up 0.4% in December – The Commerce Department reported that retail sales increased by 0.4% in December and rose 5.4% compared to December 2016. Sales growth of 4.2% for the year was the strongest since 2014. Sales at non-store retailers, mostly online-shopping outlets, were up 1.2% on the month.

SPD and Merkel agree to enter into formal coalition talks – German Chancellor Angela Merkel has struck a deal with the Social Democratic Party (SPD) to enter into formal talks on a coalition blueprint. The SPD membership will then need to vote on 21st January at a special congress to approve any coalition agreed.

The Story of the week: A man in Russia rammed a stolen tank into a supermarket before climbing through the rubble to ‘liberate’ a bottle of wine. The armoured vehicle was taken from a military training organisation in Murmansk before the man drove it through a forest and into Apatity, a town just south of the Arctic Circle. He then smashed into a Daewoo car and then hopped out of the Soviet-era multi-purpose fully amphibious armoured tracked vehicle before grabbing the wine (a 2010 Crimean) from the supermarket shelf. Then he ran off, but was quickly detained by police.

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Index Performances and Market Data*

Equity and Bond Markets % (in Local Currency)	2013	2014	2015	2016	2017	2018 YTD (to 12/01)
MSCI AC World (Gross TR)	26.2	9.9	1.8	9.7	20.4	3.6
ISEQ Overall Return	35.8	16.8	33.6	-2.7	9.7	0.3
FTSE 100 TR	18.7	0.7	-1.3	19.1	11.8	1.2
Euro Stoxx 50 TR	21.5	4.0	6.4	3.7	9.2	3.1
S&P 500 TR	32.4	13.7	1.4	12.0	21.8	4.3
Nasdaq Composite	38.3	13.4	5.7	7.5	28.2	5.2
Nikkei 225	56.7	7.1	9.1	0.4	19.1	3.9
MSCI Emerging Markets	0.9	2.6	-8.0	7.1	27.8	3.7
Eurozone Government Bonds 1–5 yr	2.1	3.4	1.0	0.9	-0.2	-0.1
Sovereign 10yr Bond Yields (%)	2013	2014	2015	2016	2017	2018 YTD
U.S.	3.0	2.2	2.2	2.4	2.4	2.6
German	1.9	0.5	0.6	0.2	0.4	0.6
UK	3.0	1.9	1.9	1.2	1.2	1.3
Japan	0.7	0.3	0.2	0.0	0.0	0.1
Ireland	3.4	1.3	1.1	0.7	0.7	1.0
Italy	4.1	2.1	1.6	1.8	2.0	2.0
Greece	8.2	9.6	7.9	7.1	4.1	3.9
Portugal	6.1	2.7	2.5	3.8	1.9	1.8
Spain	4.1	1.6	1.7	1.4	1.6	1.5
Central Bank Rates (%)	2013	2014	2015	2016	2017	2018 YTD
ECB	0.25	0.05	0.05	0.0	0.0	0.0
Bank of England	0.25	0.50	0.50	0.25	0.50	0.50
U.S. Federal Reserve	0.25	0.25	0.50	0.75	1.50	1.50
Foreign Exchange Rates	2013	2014	2015	2016	2017	2018 YTD
Euro/Dollar (€/\$)	1.37	1.21	1.09	1.04	1.20	1.23
Euro/Sterling (€/£)	0.83	0.78	0.75	0.84	0.89	0.89
Sterling/Dollar (£/\$)	1.65	1.56	1.46	1.24	1.36	1.38
IPD All Property Return % (in Local Currency)	2012	2013	2014	2015	2016	2017
Ireland	3.1	12.7	40.1	25.0	12.8	6.9% (to end of Q3)
U.K.	2.7	10.7	17.8	13.1	3.6	7.1% (to end of Q3)
U.S.	5.3	11.4	11.2	12.1	7.8	5.0% (to end of Q3)

*Past performance is not a reliable guide to future performance